

EXHIBIT 2



UNITED STATES

The Law Firm That Works with Oligarchs, Money Launderers, and Dictators

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Illustrations by Ole Tillmann

One purpose of a so-called shell company is that the money put in it can't be traced to its owner. Say, for example, you're a dictator who wants to finance terrorism, take a bribe, or pilfer your nation's treasury. A shell company is a bogus entity that allows you to hold and move cash under a corporate name without international law enforcement or tax authorities knowing it's yours. Once the money is disguised as the assets of this enterprise—which would typically be set up by a trusted lawyer or crony in an offshore secrecy haven to further obscure ownership—you can spend it or use it for new nefarious purposes. This is the very definition of money laundering—taking dirty money and making it clean—and shell companies make it possible. They're "getaway vehicles," says former US Customs investigator Keith Prager, "for bank robbers."

Sometimes, however, international investigators are able to follow the money. Take the case of Rami Makhlouf, the richest and most powerful businessman in Syria. Makhlouf is widely believed to be the "bagman"—a person who collects and manages ill-gotten loot—for President Bashar al Assad, who during the past three years has helped cause the deaths of more than 200,000 of his citizens in the country's civil war.

Besides Assad, there are few people more hated in Syria than Makhlouf. He's the president's cousin and the brother of the chief of Syrian intelligence. Using these connections, Makhlouf built a business network that spanned from telecommunications to energy to banking, and by the time he reached 40 he had accumulated a fortune estimated to be in the billions. When the uprising against the regime began in early 2011, protesters torched a branch of his mobile-phone company and chanted, "Makhlouf is a thief!"


In 2006 the British magazine the *New Statesmen* said "no foreign company can do business in Syria without Makhlouf's approval and involvement," and a classified 2008 cable from the American embassy in Damascus released by WikiLeaks described him as the "poster boy of corruption in Syria." In that same year, the US Treasury Department banned US companies from doing business with Makhlouf, saying that he'd "amassed his commercial empire by exploiting his relationships with Syrian regime members" and "used Syrian intelligence officials to intimidate his business rivals."

When the Syrian civil war kicked off in 2011 and state security forces began gunning down Assad's opponents, the US and the European Union put Makhlouf on a list of regime cronies whose international assets should be traced and seized, because, as the Treasury Department put it, he'd grown rich by bribing and "aiding the public corruption of Syrian regime officials."

If Makhlouf was a bank robber, his getaway car was a company called Drex Technologies SA. In July 2012, the Treasury Department identified Drex—a dummy entity with a British Virgin Islands address—as the corporate vehicle Makhlouf secretly controlled and used "to facilitate and manage his international financial holdings." In other words, say Makhlouf had skimmed a few

million dollars off the top of a secret business deal with a crooked Syrian official. He wouldn't put it into a bank account that he could be linked to; instead, he'd funnel it through Drex so the money couldn't be connected to him.

In late October, I obtained several documents about Drex from the British Virgin Islands business-registration office. The records reveal very little—Makhlouf's name, for example, is nowhere on them. It was only because the Syrian civil war had prompted international investigations to try to track down and freeze the assets of Makhlouf and other Assad regime bandits that the US Treasury discovered that he controlled the company and was its owner, officer, and shareholder. But by the time the Treasury Department did it was too late, as Drex had by then disappeared from the British Virgin Islands' corporate registry. In other words, Drex Technologies SA was a vehicle that hid Makhlouf's shadowy financial activities, and before that was discovered Makhlouf had had plenty of time to move its operations and assets to another offshore jurisdiction.



Across the globe, there are vast numbers of competing firms, and many of them register shells that are every bit as shady as Drex.

Yet who makes these fictitious entities possible? To conduct business, shell companies like Drex need a registered agent, sometimes an attorney, who files the required incorporation papers and whose office usually serves as the shell's address. This process creates a layer between the shell and its owner, especially if the dummy company is filed in a secrecy haven where ownership information is guarded behind an impenetrable wall of laws and regulations. In Makhlouf's case—and, I discovered, in the case of various other crooked businessmen and international gangsters—the organization that helped incorporate his shell company and shield it from international scrutiny was a law firm called Mossack Fonseca, which had served as Drex's registered agent from July 4, 2000, to late 2011.

Founded in Panama in 1977 by German-born Jurgen Mossack and a Panamanian man named Ramón Fonseca, a vice president of the country's current ruling party, it later added a third director, Swiss lawyer Christoph Zollinger. Since the 70s the law firm has expanded operations and now works with affiliated offices in 44 countries, including the Bahamas, Cyprus, Hong Kong, Switzerland, Brazil, Jersey, Luxembourg, the British Virgin Islands, and—perhaps most surprising—the US, specifically the states of Wyoming, Florida, and Nevada.

Mossack Fonseca, of course, is not alone in setting up shell companies used by the world's crooks and tax evaders. Across the globe, there are vast numbers of competing firms, and many of them register shells that are every bit as shady as Drex. Proof of this includes the case of Viktor Bout, who, in the 1990s, peddled arms to the Taliban through a Delaware-registered shell. More recently, in 2010, a man named Khalid Ouazzani pleaded guilty to using a Kansas City, Missouri, firm called Truman Used Auto Parts to move money for Al Qaeda.

Scattered news accounts and international investigations have pointed to Mossack Fonseca as one of the widest-reaching creators of shell companies in the world, but it has, until now, used an array of legal and accounting tricks that have allowed it and its clients to mostly fly under the radar.

(The company disputes this claim and asserted in an email that "there is no court or government record that has ever identified Mossack Fonseca as the creator of 'shell' companies. Anything tying our group to 'criminal activity' is unfounded, inasmuch as we have not actually been notified of the existence of any legal proceeding... thus far.")

But a yearlong investigation reveals that Mossack Fonseca—which the *Economist* has described as a remarkably "tight-lipped" industry leader in offshore finance—has served as the registered agent for front companies tied to an array of notorious gangsters and thieves that, in addition to Makhoul, includes associates of Muammar Gaddafi and Robert Mugabe, as well as an Israeli billionaire who has plundered one of Africa's poorest countries, and a business oligarch named

Lázaro Báez, who, according to US court records and reports by a federal prosecutor in Argentina, allegedly laundered tens of millions of dollars through a network of shell firms, some which Mossack Fonseca had helped register in Las Vegas.

Documents and interviews I've conducted also show that Mossack Fonseca is happy to help clients set up so-called shelf companies—which are the vintage wines of the money-laundering business, hated by law enforcement and beloved by crooks because they are "aged" for years before being sold, so that they appear to be established corporations with solid track records—including in Las Vegas. One international asset manager who talked to Mossack Fonseca about doing business with them told me that the firm offered to sell a 50-year-old shelf company for \$100,000.

If shell companies are getaway cars for bank robbers, then Mossack Fonseca may be the world's shadiest car dealership.

Continued below.

RECOMMENDED



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Last March, I flew to Panama City, home to Mossack Fonseca's headquarters. Victor, a local journalist, drove me around town, past the lush golf courses and mansions in the old US-run Canal Zone, by dingy apartment buildings in the shantytown of El Chorrillo, and through the skyscraper-lined central business district. At the time of my visit Panama was preparing for national elections, and campaign posters plastered every telephone pole and whitewashed wall. Victor offered a running commentary as we drove. "That guy's an asshole," he said, pointing to a billboard for a candidate for the national assembly who, he claimed, was linked to the local drug trade. "Well, they're all assholes. But he's a *real* asshole."

Panama has been run by assholes for more than a century. In 1903, the administration of Theodore Roosevelt created the country after bullying Colombia to hand over what was then the province of Panama. Roosevelt acted at the behest of various banking groups, among them J. P. Morgan & Co., which was appointed as the country's official "fiscal agent," in charge of managing \$10 million in aid that the US rushed down to the new nation.

American banks helped turn Panama into a financial center, and the country emerged as a tax and money-laundering haven in the 1970s after the government passed some of the world's strictest financial-secrecy rules. That likely encouraged Mossack Fonseca to establish itself here in 1977. The financial-secrecy rules didn't just promise foreign investors confidentiality—they made it a crime for banks to disclose any information about clients unless they were ordered to by a court in a case that involved terrorism, drug trafficking, or another serious offense (tax evasion was specifically excluded from that category). These laws attracted a long line of dirtbags and dictators who used Panama to hide their stolen loot, including Ferdinand Marcos, "Baby Doc" Duvalier, and Augusto Pinochet.

When Manuel Noriega, commander of the Panama Defense Forces, took power in 1983, he essentially nationalized the money-laundering business by partnering with the Medellín drug cartel and giving it free rein to operate in the country. Noriega reliably supported American foreign policy in the region—and for years the CIA had him on its payroll—but the US lost

patience when he opposed American efforts to topple the leftist Sandinista government in neighboring Nicaragua. That helped lead to the 1989 invasion of Panama that ousted Noriega and returned to power the old banking elites, heirs of the J.P. Morgan legacy.

The new government of President Guillermo Endara, a corporate lawyer who was sworn in on an American military base a few hours after the invasion began on December 20, 1989, offered a kinder, gentler face than Noriega's regime. But since then he and his democratically elected successors have done little to address the country's most obvious problems: corruption and poverty. A recent US government report said that Panama is "plagued" by fraud and international tax evasion, all of which are "major sources of illicit funds."

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Today, Panama's financial laws remain extraordinarily lax. Foreign firms can bring unlimited amounts of money into the country without paying taxes, and an International Monetary Fund report earlier this year said that of 40 recommended steps countries should take to combat money laundering and terrorism financing, Panama had fully implemented only one. In September, the *New York Times* reported that cronies of Russian president Vladimir Putin had funneled money offshore through shell structures in Panama. "When it comes to money laundering, we offer full service: rinse, wash, and dry," said Miguel Antonio Bernal, a prominent local lawyer and political analyst. "You can go to any law firm in the city, from the smallest to the biggest, and open up a shell company with no questions asked."

In Panama City I was comfortably shackled up in a mammoth 16th-floor studio suite at the Waldorf Astoria hotel, a glittering tower with a panoramic view of Panama Bay. I'd timed my arrival to coincide with a two-day conference at the hotel of about 70 international financial

consultants to the über-rich—high-net-worth individuals, in financial-industry parlance—and I'd discovered that one of the featured speakers was Ramses Owens, a lawyer and financial expert who had worked for Mossack Fonseca.

On the second morning after I arrived, I awoke and lifted my head from one of the fluffy feather pillows on my king-size bed, climbed out from under the 300-thread-count sheets, dressed, and took the elevator down to the conference locale: the hotel's Diamond Ballroom.

Although the affair was private, I was able to snoop on the proceedings and get a list of participants and copies of talks and presentations. Seated at tables topped with pitchers of ice water and flower-filled vases, the attendees were overwhelmingly middle-aged men with graying hair and thickening waistlines, dressed in dark wool business suits that would have induced immediate heat stroke on the sweltering streets of Panama City but were just right in the Diamond Ballroom, which was chilled to about 65 degrees.

There were corporate tax attorneys, accountants, bankers, and trust administrators, and they faced a small stage with a podium for speakers and a screen to show PowerPoint presentations. About half the attendees were Panamanians; a quarter had flown in from the United States, Europe, and South America; and another quarter had come from traditional offshore havens like the Turks and Caicos Islands, the Bahamas, St. Lucia, and Belize. These are "really bad people," Jack Blum, a former US Senate investigator and Washington lawyer specializing in money laundering, had told me before my trip. "And they want to learn how to become even worse people."

"I see you're playing the Lone Ranger," ruddy-faced Edward Brendan Lynch, a Bahamas-based financial adviser, said to me during a break in the proceedings. I sat at the bar spying on attendees, and he waited for a Scotch on the rocks. "Where are you from?"

When I told him I hailed from Washington, DC, Lynch, who looked like Thurston Howell III from *Gilligan's Island*, said he'd visited the city many years ago. "Saw the cherry blossoms," he reminisced. "Lunched at the Jockey Club. Lovely place."

Americans are believed to hold more than \$1 trillion secreted in offshore havens, with annual losses to the IRS alone coming to some \$100 billion.

Back in the Diamond Ballroom, Ramses Owens took to the podium. Immaculately dressed and groomed with hair that was perfectly trimmed and parted, he embodied the banality of modern financial evil. Owens, who was billed in the conference program as a master of "tax planning," joked with the audience that he preferred to describe his work for clients as "asset optimization."

When he worked at Mossack Fonseca, Owens drew on his expertise about the competitive advantages of incorporating companies on the South Pacific island of Niue. In 1996 the firm won exclusive rights to set up shell firms on the island, and within four years, 6,000 shell firms were registered there, some reportedly controlled by Eastern European crime syndicates and international drug cartels, according to international investigations and news accounts. The findings led to the imposition of international sanctions in 2001 that forced the island to shut down its corporate-registration business five years later. Mossack Fonseca turned lemons into lemonade for its clients by moving their accounts out of Niue and into other secrecy havens, including Samoa and, as revealed in court records that Mossack Fonseca was ordered to turn over, Nevada. (There is no proof that the firms they moved were engaged in criminal activity, though the identities of the owners of those companies remain unknown.)

The crackdown on Niue was part of a broader international effort led by the US, Britain, and other Western nations. Originally prompted by concerns about terrorism and organized crime, the initiative has intensified recently due to hemorrhaging budget deficits, which have swelled in no small part because of widespread tax evasion. Americans are believed to hold more than \$1

trillion secreted in offshore havens, with annual losses to the IRS alone coming to some \$100 billion. In 2010, the US government passed the Foreign Account Tax Compliance Act after hitting Swiss giant UBS with a \$780 million fine for helping thousands of American account holders hide their assets (in one case, a UBS banker smuggled a client's diamonds across borders in a toothpaste tube). FATCA, which is being rolled out in stages and whose full implementation has been delayed due to fierce opposition from the financial industry, already requires foreign banks to notify the IRS about accounts held by US taxpayers.

Naturally, FATCA was worrying to those seated in the Diamond Ballroom—among them Marie Fucci, an adviser to American and European clients who righteously denounced the act as a form of financial "apartheid"—but Owens sought to calm their fears. As he clicked through PowerPoint slides with images of bank vaults, piles of hundred-dollar bills, and other financial-porn shots, Owens outlined ways to evade onerous and annoying international regulations. FATCA, he confidently averred, wouldn't bring down the offshore system, and it certainly wouldn't do so in Panama, where lawyers, accountants, and other shell-firm enablers have powerful political allies (like the country's then finance minister, who also spoke at the event). Owens estimated that nine out of every ten business entities registered in the country were foreign-owned and said that Panamanian private foundations—a local creation that in the offshore world is as beloved as traditional favorites like the Swiss bank account—would still be able to hold money anonymously, even when FATCA is fully implemented. Audience members wagged their heads in approval.





The morning after Owens's speech, I headed out of the Waldorf to the offices of Mossack Fonseca. I had no expectation of meeting with anyone at the firm, as I'd made numerous requests for an audience and had been politely but firmly rebuffed. "We have decided not to participate in this interview," spokeswoman Lexa de Wittgreen wrote me in a brush-off email, which at least demonstrated that Mossack Fonseca is capable of performing due diligence, on journalists if not clients.

I was using a hotel map and soon got lost in Panama City's crowded business district, which resembles a miniature Hong Kong in tropical tones. As I looked around to orient myself, I saw a young man dressed in dark slacks and a green pinstripe shirt stride out of an office building—Edificio Omega—and open the driver's door of a black Mitsubishi Sportero pickup.

"It's not that close," he said in flawless English when I asked him if he knew how I could get to Mossack Fonseca's building. "Do you have an appointment with them? Because I do similar work and might be able to help you." He pulled out a business card and handed it to me with an ear-to-ear smile.

By coincidence, he turned out to be Alejandro Watson Jr. of Owens & Watson, where Ramses Owens is a name partner. "I work right over there," he said, pointing toward the firm's second-floor office. "I'm late for a meeting, but I can see you later today, or I can take you in now and introduce you to one of my colleagues."

Before my trip, I'd wondered if I should contact a local law firm to test how easy it would be to set up a shell company. This was too good an opportunity to pass up.

"I'm down from the States for a few days looking at real estate," I ad-libbed as traffic whizzed by and car horns blared. "I need to set up a company here to make the purchase. What sort of information would you need?"

"All I need to have is your passport, a driver's license, something that shows your home address, and a letter of reference from any bank," Watson said. "We don't push you for information about your business. We just want to help you do business so you continue to work with us."

"Will my name appear anywhere in the paperwork?" I asked.

I thought my bluntness might trigger at least mild concern on his part—after all, it was the very same promise of anonymity that had attracted all those dodgy clients to Niue when Watson's current boss was employed by Mossack Fonseca. But he remained as cheery and eager as a Mister Softee driver dispensing soft-serve cones. "You have a FATCA problem," Watson said with a smile and a knowing look. "We can work that out. I might recommend you set up a trust, because that can be legally owned by someone else entirely."

I asked whether I'd be able to open a bank account for my shell firm so I could access my money. After all, there's no point in hiding cash offshore if you can't spend it.

"Absolutely," Watson said, enthusiastically. He reached into the Sportero and pulled out a brochure from a small stack jammed between the two front seats. "We have a global banking network," he said, and pointed to a page listing a few dozen financial institutions his firm worked with.

The network included small banks in Panama, the Cayman Islands, Monaco, and Andorra, and brand-name players like HSBC and the diamond smugglers at UBS. A US Senate committee report described the former as a major conduit for "drug kingpins and rogue nations," and last year the bank signed a \$1.92 billion settlement with the Justice Department after admitting to helping launder millions of dollars through shell firms for Colombian and Mexican cartels. There was even a US component to Owens & Watson's network: Helm Bank in Miami. In 2012, US regulators hit Helm with a consent order for multiple violations of the Bank Secrecy Act and anti-money-laundering rules.

This was a list that would certainly inspire confidence, at least if I were a crook looking to hide my money from the IRS or law enforcement.

The whole process would take only a few days, Watson said, and my costs would be negligible: About \$1,200 to incorporate my shell, \$300 to cover government fees, and a few hundred dollars more for Owens & Watson to provide nominee directors, if necessary. If I wanted to buy a shelf

company—the aged variety—it would cost me a little extra.

"And my name won't appear anywhere, right?" I asked, deciding I might as well push as far as possible.

"No, no, no," Watson exclaimed. "That's not a problem."



Soon after my conversation with Watson I found the offices of Mossack Fonseca, which occupies the top three floors of a four-story glass building that has a dental clinic at ground level. Though I'd hoped to get inside, I abandoned the idea when I spotted a guard at the entrance, vetting all the building's visitors.

At least, I thought, I'd take a picture of the office, whose glass exterior reflected the city's landmark Revolution Tower, a hideous corkscrew-shaped office building. But Mossack Fonseca apparently guards its headquarters as zealously as it protects its clients' identities. "He's taking a picture!" a woman, who was returning to the building with a restaurant takeout bag, shouted when she spotted me snapping a photo with my iPhone. She screamed again and pointed at me. "He's taking a picture!"

Next, I decided to try my luck in Las Vegas. Mossack Fonseca describes Nevada as "one of the best jurisdictions" in the United States to set up a company because of the state's "versatility, low costs, and fast service." America is a great place for Mossack Fonseca to do business since it's the second-easiest country to register a dummy company—behind Kenya—according to a DC group called Global Financial Integrity. And crooks love registering companies here, too, because owning a US company provides them with a phony gloss of respectability that can help divert attention from their criminal deeds, Heather Lowe, the group's director of government affairs, told me.

Since Mossack Fonseca began offering services in the state more than a decade ago, it has used a closely linked local firm called MF Corporate Services to register more than 1,000 Nevada companies, most of them managed from offshore destinations like Geneva, Bangkok, and the British Virgin Islands, according to records on file with the secretary of state. Under Nevada law the only names that must appear on a shell firm's public records are those of a resident agent and a "manager," and neither has to be a human being. The resident agent is typically the company that registers the shell firm, and the manager can be yet another anonymous company. That makes it virtually impossible to discover who actually controls a Nevada shell unless law enforcement or the courts compel disclosure.

Technically, MF Corporate Services is independent of Mossack Fonseca. But in practice, court papers, incorporation records, and other confidential documents show it functions as Mossack Fonseca's local branch office, with its main employee reporting directly to Panama City. This sort of bogus separation is a tactic employed by many big shell-firm incorporators, because it allows the parent company to disavow any connection to its local offices if the shit hits the fan from a

legal standpoint. It's sort of like how Walmart might operate in Bangladesh, distancing itself from sweatshops by long and complex supply chains. (Like Walmart, Mossack Fonseca has never been directly prosecuted for the actions of its affiliates.) "These are seamless, vertically integrated top-down organizations until the minute that a cop or investigator comes along," says Jack Blum, the money-laundering expert. "Then they disintegrate into a series of unconnected entities, and everyone swears they don't know anything about anyone else in the system. It's like a jigsaw puzzle that's assembled but suddenly falls apart when someone starts investigating."

Indeed, this is exactly how Mossack Fonseca has replied when questioned about shady activities it's been connected to in Las Vegas. While there's no way to know precisely who's behind the vast majority of dummy companies the firm has been helping to create there, an ongoing criminal investigation in Argentina and a related case before the United States District Court of Nevada involving the oligarch Lázaro Báez offer an idea. The investigation and court records allege that Báez is the secret owner of more than 100 shell firms that Mossack Fonseca has helped establish in Nevada. All of them were managed by Aldyne Ltd., an anonymous company that Mossack Fonseca registered in the Seychelles Islands, according to prosecutors. (Mossack Fonseca has not been charged to date in either Argentina or Nevada, but one of its operatives in Las Vegas has been deposed in the legal case, and the district court has told the firm to turn over records related to the Báez shell companies, an order with which it has refused to fully comply.)

A former bank teller, Báez built a vast business empire through contracts awarded by his close friends Cristina and Néstor Kirchner, the current and previous presidents of Argentina, respectively, and their political allies in his home province, according to news reports and investigators. Báez was so bereft when his patron Néstor died, in 2010, that he erected a three-story mausoleum to house his remains. Prosecutors allege that the Nevada shells were part of a network that Báez used to move offshore more than \$65 million in funds diverted from public infrastructure projects.

The Báez-linked firms in Nevada were registered by MF Corporate Services, whose assistant manager, Patricia Amunategui, was asked by Mossack Fonseca headquarters to also serve as secretary of Aldyne Ltd., according to a source close to the issue. When questioned about the

illegal activities of past client firms, Mossack Fonseca's reply was to remind me in an email that "registered agents are not liable in any way for the business transactions or any other dealings of the companies they incorporate." For her part, Amunategui—a native Chilean who previously worked as a casino cocktail waitress and, based on her Facebook page, enjoys yoga, spiritualism, and hiking and admires the Dalai Lama, the Tea Party, and former Chilean dictator Augusto Pinochet—has claimed that MF Corporate Services does "not have, nor have we ever had, any kind of relationship with Lázaro Báez." She also claims she has no employment relationship with Mossack Fonseca, even though a few years ago she provided a testimonial used in a University of Nevada, Las Vegas, catalogue that said right after she graduated from its paralegal program she "landed a great job as the vice president of Mossack Fonseca, an international law firm." (She claims she was misquoted.) Amunategui was the person I most hoped to meet when I flew to Las Vegas in early November.





"Your car is in space B-15," the twentysomething woman at Avis told me after I'd landed at McCarran International Airport. "*B* like in brothel."

Her face was expressionless, so I wasn't sure whether to be insulted or merely amused. But I'd been traveling all day from Washington, on two long flights in economy class, so at that point I didn't really care. It was good to have landed in Vegas, even if the airport is named for Pat McCarran, the casino-loving, Jew-hating, racist politician whom the corrupt Nevada senator in *The Godfather: Part II* was allegedly modeled on.

Nevada had become the headquarters for a variety of Ponzi schemers, corporate crooks, pump-and-dump penny-stock promoters, internet swindlers, and tax evaders.

In 2001, the Nevada legislature considered a bill that would encourage companies to incorporate in the state by shielding them from disclosure and liability laws. "We are holding up a sign that says, 'Sleaze balls and rip-off artists welcome here,'" then state senator Dina Titus said during debate on the bill, whose supporters argued that it would gin up badly needed revenues.

who serves in the US House of Representatives, rather bizarrely predicted that the prophecy duly unfolded. Within a few years Nevada had become the headquarters for a variety of Ponzi schemers, corporate crooks, pump-and-dump penny-stock promoters, internet swindlers, and tax evaders. Among them were Donald McGhan, who in 2009 received a ten-year sentence for bilking investors of almost \$100 million through a scam real estate venture called Southwest Exchange, and defense contractor Mitchell Wade, who used a Nevada-registered shell to funnel a bribe to then congressman Randy Cunningham. (The pair were doomed during a lunch when Cunningham diagrammed on his own congressional stationery a fatal list of bribes he'd received from Wade and the corresponding federal contracts he'd steered his way in exchange.)

The secretary of state's website offers a host of reasons for companies to incorporate in Nevada, trumpeting the lack of corporate income tax and the near impossibility of piercing the "corporate veil." Those sorts of rules have helped draw some 300,000 active companies to the state, one for every nine residents, and netted revenues of \$133 million in 2012 alone. So much of that activity is potentially criminal that Deputy Secretary of State Scott Anderson says his office has taken a number of steps to clamp down on abuses, including a rule that strictly prohibits anyone from creating a Nevada corporation to commit a crime. "Granted, if someone is going to do something illegal," Anderson conceded, "they probably wouldn't disclose it."

One day during my trip I interviewed Cort Christie, head of Nevada Corporate Headquarters, one of the state's most prolific shell-firm incorporators. His company is located in an oversize, sterile office building in an area called Spring Valley. Christie is a former board member of the powerful, politically connected Nevada Registered Agent Association (MF Corporate Services is a member), which "is working to ensure the state's future as America's incorporation center,"

according to the group's website. It warns that if Nevada's "current tax-advantaged, pro-business environment is lost, the state's reputation... will be lost as well. Once that public trust is damaged, it cannot be easily replaced."

Last year, the NRAA lobbied against a proposal by the secretary of state that would have tightened up rules discouraging corporate secrecy. The bill, which Christie told me "would've curbed the appearance that people can come out here and hide out," was overwhelmingly rejected.

On the morning of November 4, I cruised down S. Casino Center Boulevard through the heart of downtown Las Vegas, past the Golden Nugget and El Cortez (the original mob-owned casino) and the heaviest concentration in America of restaurants offering \$9.99 prime-rib dinners. Then I got on Interstate 15 and headed south to Henderson, a suburb where gigantic malls give way to a seamless blur of stucco and adobe-style tract houses.

MF Corporate Services is situated in the Parc Place Professional Complex, home to several identical, single-story buildings with red-tile roofs. There were only a few cars in the parking lot, and I didn't see anyone outside. A red-and-white metal MF Corporate Services sign, planted into a patch of rocks and cactuses, blew forlornly in the warm breeze.

As far as I could tell from public records and court documents, MF Corporate Services doesn't do any drop-in work—its only purpose seems to be setting up Nevada shells for Mossack Fonseca clients—and the remote setting did nothing to dispel that impression. Amunategui runs day-to-day operations, though internal company documents I found in court records show she works closely with Mossack Fonseca employees in Panama, such as Leticia Montoya, the custodian of record for dozens of shell firms linked to Lázaro Báez.

Montoya has quite a checkered career, having previously registered or served as a nominee director for at least six anonymous companies that were involved in major international corruption scandals. Among those is a Panamanian shell firm called Nicstate, whose beneficial owners

turned out to include former Nicaraguan president Arnoldo "Fat Man" Alemán. He used Nicstate and other offshore vehicles to divert nearly \$100 million of state funds into his own pockets. Montoya also helped set up Mirror Development Inc., which Siemens of Germany employed to funnel bribes to Argentine government officials who helped it win a \$1 billion contract to produce national identity cards. This was just one component of a global scheme by Siemens, which also used corporate cutouts to pay off government officials in Bangladesh, Venezuela, and Iraq, where the recipients included Saddam Hussein.

I figured that my best chance to speak to Amunategui would be if I dropped in unexpectedly, so I hadn't called ahead. When I knocked on the glass door of MF Corporate Services, a man holding a clipboard, sitting in a randomly placed blue chair in the office's lobby, waved me in. A white plastic trash bag filled with shredded documents sat just inside the door, and a framed map of the world hung on a wall. There were four clocks above it, showing the time in Las Vegas, Hong Kong, Switzerland, and Panama.

The man on the chair—a locksmith, it turned out—called to Amunategui when I asked to speak with her, and she emerged from a back room. Her face was splashed with freckles, and she wore her long brown hair in a bun. She frowned softly and declined to talk when I told her I was a journalist interested in MF Corporate Services' work for Báez. "Give me your name, and I'll see if our attorney can talk to you," she said while shaking a finger in the negative.

"The attorney for Mossack Fonseca?" I asked.

"No, my company's attorney," she replied, referring to MF Corporate Services. "They're separate."

I stood there for a moment beneath the bright glow of the ceiling lights, desperately trying to figure out a way to keep the conversation going. There was so much I still wanted to know, and Amunategui was the closest I'd come to being able to speak directly with someone actually affiliated with Mossack Fonseca.

I wanted to ask her about specific people who'd been linked to Mossack Fonseca—incorporated shell firms by the US government, court records, international investigators, and my year of research: Billy Rautenbach, an alleged bagman for Robert Mugabe, the longtime ruler of Zimbabwe; Yulia Tymoshenko, a former Ukrainian prime minister and oligarch nicknamed the "gas princess"; Beny Steinmetz, an Israeli billionaire who'd reportedly used a Mossack Fonseca—incorporated shell firm in the British Virgin Islands to pay a bribe to a wife of the homicidal dictator of Guinea, where Steinmetz was seeking (and subsequently got) a huge mining concession. I even wanted to ask her about Mossack Fonseca's feel-good Facebook page and Twitter feed, which feature pictures of smiling recipients of the firm's charitable contributions and platitudes from the likes of Thomas Edison and Dr. Seuss ("Today you are you! That is truer than true!").

But Amunategui wouldn't say a word after taking down my contact information. She promised she'd pass it on to her lawyer. She didn't even bother to escort me out the door but ducked into her personal office, sat at a desk sprinkled with a few folders and FedEx packages, and picked up the phone. I could hear her talking from the hallway, and though I couldn't make out what she was saying, she was clearly speaking in an agitated manner, presumably with the company's aforementioned lawyer (whom I never heard from).

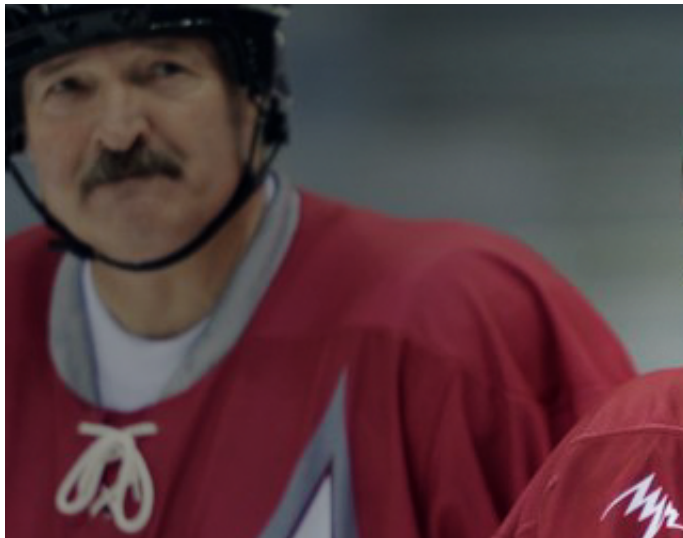
Amunategui's refusal to answer questions was frustrating, but unsurprising. When you work with Mossack Fonseca there are a lot of dirty secrets to keep, so being tight-lipped is perhaps the most essential part of doing your job.

*Ken Silverstein is a reporter for **First Look Media** (<https://firstlook.org/theintercept/>)*



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COMMENTS

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Adrian Enriquez · Pima CC

Please publish more articles like this: good, old fashioned hardcore investigative journalism!

[Reply](#) · [Like](#) · [8](#) · December 3, 2014 at 7:25pm



FJ PCedeño · ★ Top Commenter · Universidad Católica Santa María La Antigua

Great article but VICE shouldnt really defend OCDE bloodsucking governments that have increased taxes every generation because they cant keep spending on themselves

[Reply](#) · [Like](#) · [2](#) · December 3, 2014 at 1:13pm



FJ PCedeño · ★ Top Commenter · Universidad Católica Santa María La Antigua

"the initiative has intensified recently due to hemorrhaging budget deficits, which have swelled in no small part because of widespread tax evasion. Americans are believed to hold more than \$1 trillion secreted in offshore havens, with annual losses to the IRS alone coming to some \$100 billion"

Right, its tax evasion. It has nothing to do with the debt increasing 7 trillion dollars in a 6 years

[Reply](#) · [Like](#) · December 4, 2014 at 4:33am



Dennis Meyer · Specs Howard School of Media Arts

What a shitty and boring job to just do fake business all day. I don't care how much money. I'd rather enjoy mv work and live guilt free

Reply · Like ·  2 · December 3, 2014 at 9:29pm



Rick Key

I agree. I wonder if greed could be categorized as a mental disorder like hoarding.

Reply · Like ·  2 · December 3, 2014 at 10:57pm



Alicia En El Pais De Las Maravillas · Islamabad, Pakistan

I live guilt free, and I dont give a shit all you people making fun of my uncle and of Panama. We are a happy country where nobody works because all you fuckers bring YOUR dirty money here. LOL we just spend it. YOUR goverments are the ones making crimes. We are just lawyers and we dont care. Panama is the happiest country in the world.

Reply · Like ·  1 · December 9, 2014 at 5:40am



Matt Marcinkiewicz · ★ Top Commenter · Spin Supplier And Myth Creator at The Jefferson Society for Revisionist History

Merely scanning the article for now due to drunkenness...but I hope I'm considered sober enough to proclaim that the illustrations are fucking phenomenal. Plaudits to Ole Tillmann

Reply · Like ·  1 · December 2, 2014 at 11:30pm



Gil Hildebrand · New Orleans, Louisiana

I concur. The illustrations are amazing.

Reply · Like · December 3, 2014 at 12:28pm



Ricardo Ernesto Soto · ★ Top Commenter · Colegio Javier

I know some of the people mentioned in the article and the ilustrations are great. There are some minor errors, like Owens being Watsons boss, they are partners. Im not sure Jurgen Mossak is german born, I think he is Panamanian with German parents. The article focus on the dictarors but most user of shell corporatios are US and Euro tax evaders. Panama's laws on corporatios were copied from Vermont's! The US relationship is bigger but thanks on the Nevada's take. I knew about Vermont but not about the Southwestern states.

Reply · Like ·  5 · December 3, 2014 at 1:39pm



Carlos Chiari · Management at López, Morales y Chiari - Abogados

Ricardo Ernesto Soto , if you were working for a law firm in Panama that serves the international community you would know that this article mixes truths with half-truths and exaggerations. In Panama only 10% of corporations are produced by these wholesalers who sell offshore companies, as is clear from the data of the Public Registry; and instead are widely used by ordinary people who do not want crooks and hustlers to appropriate their wealth through frivolous lawsuits; and international corporations that take advantage of the country as an international logistics and financial center. And the Panamanian Banking System is one of the most resilient in the world precisely because they are rigorous in their Know your client policies and prevention of money laundering, including implementation of FATCA.

Reply · Like ·  1 · Edited · December 8, 2014 at 12:44pm

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Peter Sidlovsky · Charleston, South Carolina

Great article. Some of the most depraved people on the planet

Reply · Like ·  1 · December 3, 2014 at 9:19am



Alicia En El Pais De Las Maravillas · Islamabad, Pakistan

fuck you my uncle is not sick. You dont know shit. We dont have ferraris or yatches. Its you stupid people making crimes and sending money to panama. In panama everyone is drunk and happy, we all take money from all around the world. YOUR goverments are the ones making crimes. What do you think lawyers were created for_ Go back to college please. We are not sick people.

[Reply](#) · [Like](#) · Edited · December 12, 2014 at 3:53am



Alicia En El Pais De Las Maravillas · Islamabad, Pakistan

Everyone talks about the illuminati, there is no shit lik,e that. Just rich high people covering their eyes. We dont do black masses or shit. Thats for stupid people, we just love to work. Doesnt matter if you are guilty or not everyone deserves a lawyer. People do international shit and bring their money here, were dont ask. NOT OUR PROBLEM. The less we know the happier. If you think my uncle has a fancy live you are crazy. They didnt raise me and my cousins like fuckers.

[Reply](#) · [Like](#) · December 12, 2014 at 3:57am

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